

 <div style="text-align: center;"> Financial Assistance Award DENALI COMMISSION 510 L Street, Suite 410 Anchorage, Alaska 99501 (907) 271-1414 (phone) (907) 271-1415 (fax) www.denali.gov </div>		Award Number	01180-00		
		Award Title	Completion of the Mentasta, Slana, Chistochina Intertie		
		Performance Period	August 1, 2009 through January 31, 2011		
Authority 112 Stat 1854		CFDA Number 90.100			
Denali Commission Finance Officer Certification Jennifer Price 09/15/2009		Recipient Organization & Address Alaska Power Company PO BOX 3222 Port Townsend, WA 98368-0922 Phone: 1-800-982-0136 Recipient DUNS # 002836666 TIN # 920028045			
Cost Share Distribution Table					
Accounting Code	New Funding		Prior Period Funding		Total
	Denali Commission	Other Contributors	Denali Commission	Other Contributors	
95670000AL	\$674,601.00		\$0.00		\$674,601.00
	\$0.00		\$0.00		\$0.00
	\$0.00		\$0.00		\$0.00
	\$0.00		\$0.00		\$0.00
	\$0.00		\$0.00		\$0.00
		\$0.00		\$0.00	\$0.00
		\$0.00		\$0.00	\$0.00
		\$0.00		\$0.00	\$0.00
		\$0.00		\$0.00	\$0.00
Total	\$674,601.00	\$0.00	\$0.00	\$0.00	\$674,601.00
This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission constitutes an obligation of federal funding.					
<p>The Denali Commission (Commission) is providing a total of \$674,601 to the Alaska Power and Telephone Company (AP&T) to complete 4.7 miles of transmission line and a transformer station, interconnect the communities of Mentasta, Slana and Chistochina into a single load center.</p> <p>The communities of Mentasta, Slana, and Chistochina have a funding shortage to finish the 4.7 miles to interconnect these communities into a single load center. Primary line construction will start at approximate Mile 72.3 Tok Cut Off and tie into the new existing construction at approximate Mile 75, then pick up at approximate Mile 76.3 to tie into the existing line that ends by Mentasta Lodge at Mile 78.5. (Taking advantage of the frozen ground in the swampy area between Mile 75 and 76.3, approximately 1.3 miles of primary line was built during early spring 2009.) This will complete the interconnection of the Mentasta electrical system with Slana. Since Slana and Chistochina are presently interconnected this sub-region will be interconnected.</p>					
Signature of Authorized Official - Denali Commission Electronically Signed		Typed Name and Title George Cannelos Federal Co-Chair		Date 09/13/2009	

AWARD ATTACHMENTS

Alaska Power Company

01180-00

1. Award Conditions

***Award Conditions to the Financial Assistance Award
Between the Denali Commission and the Alaska Power and Telephone Company
For the Completion of the Mentasta, Slana, Chistochina Intertie
Award No. 01180
September 2009***

1. Scope of Work

The Denali Commission (Commission) is providing a total of \$674,601 to the Alaska Power and Telephone Company (AP&T) to complete 4.7 miles of transmission line and a transformer station, interconnect the communities of Mentasta, Slana and Chistochina into a single load center. This award completes the scope of work for Award No. 0116-DC-2004-I4, due to budget shortfalls outlined below.

Background

The scope of Award No. 0116-DC-2004-I4 for \$3,884,000 consisted of four phases that would connect about 70 initial customers to a central station power:

- Construct a 4.5 mile 12.5 kV three-phase extension north of Chistochina, providing service to six un-served customers at a cost of \$275,000.
- Convert 6 miles of single-phase 12.5 kV distribution line along the Mentasta Road to three-phase at a cost of \$110,000.
- Construct two miles of three-phase 12.5 kV line from Mentasta Road to Mentasta Lodge at a load of 20kW and at a cost of \$215,000.
- Complete the Slana area distribution system. The system consists of a diesel generation module. The module will contain two John Deere 150 kW generation units for winter peaking and one John Deere 90 kW unit installed for the summer load. The module will be equipped to utilize the waste heat with either the local school or the National Park Service or both being the host. Fuel is to be delivered by a tanker truck and stored in a 3000-gallon fuel-storage holder that is Underwriters Laboratories Inc. (UL) approved with secondary containment. The annual fuel consumption is estimated to about 50,000 gallons. The distribution system meets the National Electrical Safety Code (NESC) requirements, consisting of 1.5 miles of three-phase, 10.76 miles of single phase 12470/7200-grounded wire. The system will provide central station electric service to about 65 households. The cost is estimated to be \$1.4 million.

In May 2005, the scope of work was amended to include:

- The following phase is added to the originally identified scope of work: Construct 18 miles of 35kV transmission / heavy distribution Intertie line from Slana to Chistochina.

As of July 31, 2009, AP&T has spent \$5,980,403 which includes \$3,884,000 of Commission funding, outlined as follows:

<u>Major Construction Segment</u>	<u>Total</u>	<u>Denali</u>
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	Expense	Obligation
Slana to Grizzly Lake	\$325,552	\$213,942
Chistochina to Indian River	454,105	298,423
Indian River to Grizzly Lake	492,374	323,572
Carlson Creek to Mestasta Lodge	379,976	249,709
Chistochina Extension	366,468	240,831
Slana Distribution	928,983	610,497
Mentasta Extension	204,933	134,675
Mentasta Upgrade	97,781	64,258
Direct Project Management	69,497	45,671
Right-of-Way Cost	108,012	70,982
Surveying and Permitting	29,004	19,061
Slana Generation	93,424	61,395
Pre-Award Costs	70,191	0
Chistochina Bridge Project	259,033	170,228
Chistochina Surveys/Permits	7,616	5,005
Slana Distribution Midway to Porcupine	174,293	114,540
Slana Distribution to Nabesna CVTC Tower	133,722	87,878
Slana to 4-Mile Settlement	496,444	326,247
Porcupine Creek to Carlson Creek	360,878	237,158
Mentasta Rd to Broken Bridge	928,117	609,928
Total Expense	\$5,980,403	\$3,884,000

The overall cost share of this project is summarized as follows:

<u>Commission funding:</u>	
Award No. 0116-DC-2004-I4	\$ 3,884,800
Award 01180	<u>\$674,601</u>
Total for project	\$ 4,559,401
<u>Other Contributors (reflected on previous award):</u>	
USDOE	\$ 1,917,000
AP&T	<u>\$11,383,000</u>
Total Project:	\$17,859,401

This awarded project was originally proposed in March 2000, estimating a substantially smaller customer population. Also, the permit and easement processes were projected to be considerably less involved than was experienced. Permitting and easement delays resulted in increasing the customers wanting service dramatically and necessitating redesign of the line to carry extra loads.

Another element of the delay was massive materials cost increases. Several world and national events have driven up materials and construction costs nearly 40% from the 2000 budget. Lessons learned building this and other lines yielded construction efficiency leading to completing 90% of the planned line and the installation of the Slana generation plant. These delays and early projections have led to the current funding shortfall.

Scope

The communities of Mentasta, Slana, and Chistochina have a funding shortage to finish the 4.7 miles to interconnect these communities into a single load center. Primary line construction will start at approximate Mile 72.3 Tok Cut Off and tie into the new existing construction at approximate Mile 75, then pick up at approximate Mile 76.3 to tie into the existing line that ends by Mentasta Lodge at Mile 78.5. (Taking advantage of the frozen ground in the swampy area between Mile 75 and 76.3, approximately 1.3 miles of primary line was built during early spring 2009.) This will complete the interconnection of the Mentasta electrical system with Slana. Since Slana and Chistochina are presently interconnected this sub-region will be interconnected.

Once the communities are interconnected AP&T is investigating a small hydropower at Carlson Creek 300 KW supplemented by wind at Slana Ridge. If biomass proves to be successful it may be cost effective to interconnect these communities to Tok. This will spread the investment of the seasonal hydro and biomass plant over more communities and benefit more people.

The immediate benefit of the interconnection is that it will no longer require the operations of three power plants, but one with the other two placed into standby service. This will eliminate major maintenance on two of the plants and allow operations to capture economies of scale. The part-time watchpersons expenses will also be reduced from a daily schedule of payment to a dispatched as needed basis at two of the plants. The primary driver of the economies is the consolidation of load that now creates multiple renewable solutions to be investigated. AP&T has already connected 90 customers to a central station that either did not exist or were self generating.

The estimated budget for this Award is as follows:

Labor	\$106,560
Materials	\$487,803
General and admin	\$80,238
Total	<u><u>\$674,601</u></u>

All Commission funding is intended for use for the scope of work identified in the Award document only. Any balance of funds remaining after the full scope of work has been completed will be returned to the Commission.

2. Milestones

The following milestones are identified as the major steps to be completed as part of the project. “Planned” dates for the first milestone are included here. As part of each progress report, recipients shall update the progress toward meeting these milestones (see section 7, Reporting).

Milestone	Planned		Actual		Units	Total Cost At Completion
	Start Date	End Date	Start Date	End Date		
Construction	08/01/2009	10/31/2010			0	\$0.00
Project Close-out	11/01/2010	01/31/2011			0	\$0.00

3. Award Performance Period

The Award performance period is August 1, 2009 through January 31, 2011. This is the period during which Award recipients can incur obligations or costs against this Award.

4. Direct and Indirect Costs

The cost principles of 48 CFR 31.2, Contracts with Commercial Organization are applicable to this Award. Indirect costs up to 20% are allowable under this Award. Please refer to the cost principles regulations for specific details on other allowable charges under this Award.

5. Budget and Program Revisions

The Administrative Circular, 2 CFR Part 215 applies to this Award. Please refer to the Administrative Circular for specific details on revisions to this Award. The Administrative Circular requires that the APT will inform the Commission in writing (e-mail, letter, or report) at the earliest possible date of any unanticipated project cost overrun, project schedule delays, or changes in the project scope or changed site conditions.

6. Payments

Payments under this Award will be made by electronic transfer in response to a “Request for Advance or Reimbursement”, Standard Form 270 (SF-270) submitted by the APT. Requests for reimbursements may be made as needed. The SF-270 must be submitted to the Commission via fax, e-mail (finance@denali.gov) or mail in order for payment to be processed. The form is available on the OMB website: http://www.whitehouse.gov/OMB/grants/grants_forms.html. Payments shall be made in accordance with 2 CFR Part 215. Please contact the Commission’s Finance Specialist at

(907) 271-1414 for further information about submitting this form. **No interest will be accrued on these funds.**

7. Reporting

Two forms of project reporting are required under this Award, listed below. The APT shall submit reports using the Commission's on-line Project Database System, available at www.denali.gov. If there are technical limitations which may prevent the recipient from meeting this requirement, please contact the Program Manager listed in this agreement.

- a. **Progress Reports** shall be submitted on a quarterly basis. The first reporting period is August 1, 2009 to September 30, 2009 and quarterly thereafter. Reports are due within 30 days of the end of the reporting period. Progress reports shall include the following:
 - i. Total project funding, including both Commission funding and other project funding sources.
 - ii. The total project expenditures for the project as of the end of the reporting period, including both Commission and Other funding sources.
 - iii. Updated schedule and milestone information as identified in the Scope of Work
 - iv. Narrative summary of the project status and accomplishments to date, and address the following questions: is the project on schedule, is the project on budget, and what actions are planned to address any project problems.
 - v. Photographic documentation of project progress shall be provided with the progress reports for active construction projects. The photo documentation shall include a minimum of three, dated photos per reporting period such that a complete record of the construction is maintained over time, from "before," showing the situation before the start of construction, to "during" showing work proceeding on the project, and "after" to show the finished project. Photos shall be provided in a digital format as part of the on-line report. A short description of the activity and names of those in the photos shall also be provided.
- b. **Federal Single Audits** shall be submitted annually, when required. In accordance with OMB Circular A-133, which requires [subpart 200] "Non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part [subpart 205]. The determination of when an award is expended should be based on when the activity related to the award occurs."

Recipients shall also submit single audits to the Federal Clearinghouse as designated by OMB. Information can be found on the following web-site:

<http://harvester.census.gov/sac/>

8. *Project/Award Close-Out*

The project close-out report shall be completed within 90 days of the end of the Award performance period or within 90 days of the completion of the project, whichever is earlier. Recipients must also draw down any remaining funds for expenditures incurred under this award during this 90-day period.

The project close-out report shall be submitted on-line through the Commission's on-line Project Database System, available at www.denali.gov. The project close out will require the recipient to submit the following information:

- a. Final data for each item listed in paragraph 7(a) "Progress Reports"
- b. Final project expenditures itemized by the following categories: planning & design; materials & equipment; freight; labor; project administration/overhead and other expenses.
- c. Acknowledgement of support: For all construction projects, the Award recipient shall display a sign that acknowledges the Government's support for the project(s) developed under this Award. The Commission will provide an appropriate sign. The Award recipient must request an indoor and/or an outdoor sign from the Commission office. Pickup or delivery of the sign can be arranged at that time.

9. *Public Policy Laws and Assurances*

Award Recipients are required to comply with the public policy laws and assurances on SF 424d. Some of the laws are highlighted below for your reference.

To the maximum extent practicable, considering applicable laws, Funding Recipients shall accomplish the project contemplated by the Award using local Alaska firms and labor.

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

Project level environmental reviews in accordance with the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) are required for each project undertaken with Commission funds.

10. *Non-Compliance with Award Conditions*

Recipients not in compliance with the terms and conditions of this Financial Assistance Award will be notified by the Commission. The Commission will work with the recipient to identify the steps necessary to bring them back into compliance, and will

establish an appropriate time frame for the corrections to be made. If the corrections have not been made by the deadline, the Commission reserves the right to either suspend or unilaterally terminate the Financial Assistance Award for non-performance.

11. Program Manager, Financial Manager & Other Contact Information

Denali Commission	Alaska Power and Telephone Company
Denali Daniels Program Manager 510 L Street, Suite 410 Anchorage, AK 99501 Phone: 907-271-1189 Fax: 907-271-1415 E-mail: ddaniels@denali.gov	Robert S. Grimm President 193 Otto Street, PO Box 3222 Port Townsend, WA 98368 Phone: 800-982-0136 x 120 Fax: 360- 389-7538 Email: bob.g@aptalaska.com
Mariah McNair Grants Administrator 510 L Street, Suite 410 Anchorage, AK 99501 Phone: 907-271-2367 Fax: 907-271-1415 E-mail: mmcnair@denali.gov	Karl Wood Senior Accountant 193 Otto Street, PO Box 3222 Port Townsend, WA 98368 Phone: 800-982-0136 x 128 Fax: 360- 389-7538 Email: karl.w@aptalaska.com

12. Other Project Specific Paragraphs

In addition to reporting quarterly, AP&T shall meet twice annually with the Commission to report lessons learned and project status.